

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials
FROM: Barry Wood, Assessment Division Director JBW
RE: Cyclical Reassessment
DATE: April 30, 2012

Introduction

On March 19, 2012, Governor Mitch Daniels signed into law Senate Enrolled Act 19 ("SEA 19"), which eliminates the practice of general reassessment and implements a method of cyclical reassessment.

This memorandum provides guidance on cyclical reassessment through analysis of eight specific topics: (1) the Cyclical Reassessment Plan; (2) the Petition for Reassessment; (3) Contracts with Professional Appraisers; (4) the Timeframe to Complete the Cyclical Reassessment; (5) Notices to Taxpayers; (6) the Reassessment Fund & Budget; (7) Interim Assessments; and (8) County Assessor Equalization.

Cyclical Reassessment Plan (IC 6-1.1-4-4.2, as added by Section 2 of SEA 19, effective July 1, 2012)

The cyclical reassessment of property will take the place of the general reassessment that had been scheduled for 2017. The basic premise of cyclical reassessment is to apportion reassessment activities, including the inspection and updating of parcels and parcel characteristics in an assessment jurisdiction, over a four-year period instead of the familiar twenty-month timeframe. This will allow reassessment work and expenses to be spread more consistently and predictably over a longer period of time, facilitating better assessment practices.

The county assessor must, before July 1, 2013 and before July 1 of every fourth year thereafter, prepare and submit to the Department of Local Government Finance (Department) a reassessment plan ("Plan") for the county. The Plan is subject to approval by the Department, and the Department must complete its review and approval before March 1 of the following year. The Department must review and approve the Plan before March 1, 2014. Twenty-five percent (25%) of the parcels within each class of real property must be completed on or before March 1, 2015. A county may submit a Plan that provides for the reassessment of more than 25% of the parcels in the county in a particular year, but the Plan must still cover a four-year period. The Plan must also specify the dates by which the assessor will submit the land values to the Property

Tax Assessment Board of Appeals ("PTABOA"). The assessor may modify the reassessment plan subject to review and approval by the Department.

The Plan must divide all parcels of real property in the county into four different groups, with each group containing approximately 25% of the parcels within each class of real property in the county. The Department will determine the classes of real property to be used by January 15, 2013. Assessing officials will be notified via memorandum when that has been determined.

The reassessment of a group of parcels in a particular class of real property, which must include a physical inspection of each of those parcels, begins July 1 of a year and must be completed on or before March 1 of the following year. Thus, for the March 1, 2015 assessment date, reassessment commences July 1, 2014 and must be completed on or before March 1, 2015.

All real property must be reassessed once during each cyclical reassessment cycle, and the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed.

Order for Reassessment (IC 6-1.1-4-5.5, as added by Section 5 of SEA 19, effective January 1, 2013)

A petition for the reassessment of a real property group designated under a county's Plan may be filed with the Department not later than 45 days after notice of assessment. A petition for reassessment applies only to the most recent real property assessment date. The petition must be signed by the lesser of 100 owners of parcels in the group or 5% of owners of parcels in the group. The signatures on the petition must be verified by the oath of one or more of the signers. A certificate from the county auditor stating that the signers constitute the required number of owners of taxable real property in the group of parcels must accompany the petition. Upon receipt of a petition, the Department may order or conduct a reassessment.

Even if a petition is not filed, the Department may, under IC 6-1.1-4-9 (as amended by Section 7 of SEA 19 and effective January 1, 2013), adopt a resolution declaring its belief that it is necessary to reassess all or a portion of the real property located within the state. If the Department adopts a reassessment resolution, and if either a township or a larger area is involved (for assessments before March 1, 2015) or one or more groups of parcels under a county's reassessment plan are involved (for assessments after February 28, 2015), the Department must hold a hearing concerning the necessity for the reassessment at the courthouse of the county in which the property is located. The Department must give notice of the time and place of the hearing in the manner provided in IC 6-1.1-4-10.

After the hearing, or if the area involved is less than a township (for assessments before March 1, 2015) or is less than one group of parcels under the county's reassessment plan (for assessments after February 28, 2015), after the adoption of the resolution of the Department, the Department may order any reassessment it deems necessary. The order must specify the time within which the reassessment must be completed and the date the reassessment will become effective.

Under IC 6-1.1-33.5-6, as amended by Section 45 of SEA 19 (effective January 1, 2013), the Department may still initiate a review to determine whether to order a special reassessment with regard to real or personal property in a township or county for any year.

If the Department determines to initiate a review with respect to the real property within a particular cycle under a county's Plan or a part of the real property within a cycle, the Department's Data Division must determine for the real property under consideration and for all groups of parcels within a particular cycle the variance between:

- (1) the total assessed valuation of the real property within all groups of parcels within a particular cycle; and
- (2) the total assessed valuation that would result if the real property within all groups of parcels within a particular cycle were valued in the manner provided by law.

Contracts with Professional Appraisers

Under the old reassessment law, counties had a limited window during which they could enter into a contract with a professional appraiser to perform a general reassessment: January 1 until April 16 of the year in which the reassessment was to commence. Under cyclical reassessment (IC 6-1.1-4-20), the Department may establish a period during which a county assessor may enter into a contract with a professional appraiser. In the near future, the Department will issue further guidance on contracts with professional appraisers.

The Timeframe to Complete Cyclical Reassessments (IC 6-1.1-4-21.4, as added by Section 15 of SEA 19, effective July 1, 2012)

Before October 1 of the year in which the group's reassessment under the Plan begins, the county assessor must complete the appraisal of one-third of the parcels in a group. Before January 1 of the year following the year in which the group's reassessment under the Plan begins, the county assessor must have two-thirds of the parcels in the group completed. Finally, before March 1 of the year following the year in which the group's reassessment under the Plan begins, all the parcels in the group must be completed. For example, the county assessor must begin appraisals by July 1, 2014 in order for 25% of the parcels in a group to be reassessed by March 1, 2015. The assessor must complete one-third of the parcels in the group before October 1, 2014, the assessor must complete two-thirds of the parcels in the group before January 1, 2015, and must complete all parcels in the group before March 1, 2015.

If a county assessor employs a professional appraiser or appraisal firm, the appraiser or firm must file appraisal reports with the assessor by the above deadlines.

Notices to Taxpayers (IC 6-1.1-4-22, as amended by Section 16 of SEA 19, effective January 1, 2013)

If any assessing official assesses or reassesses any real property, the official must give notice to the taxpayer of the amount of the assessment or reassessment by mail or by using electronic mail that includes a secure Internet link to the information in the notice. The official must provide

notice by the earlier of: (1) 90 days after the official completes the appraisal of a parcel or the official receives a report on a parcel from a professional appraiser or professional appraisal firm; or (2) April 10 of the year in which the assessment date for which the assessment or reassessment first applies (in other words, by April 10, 2015 for a March 1, 2015 assessment date).

This notice must be provided in addition to any required notice of assessment or reassessment included in a property tax statement under IC 6-1.1-22 or IC 6-1.1-22.5 and must include notice of the opportunity to appeal the assessed valuation under IC 6-1.1-15-1; the procedure that a taxpayer must follow to appeal the assessment or reassessment; the forms that must be filed for an appeal of the assessment or reassessment; and notification that an appeal of the assessment or reassessment requires evidence relevant to the true tax value of the taxpayer's property as of the assessment date.

The Reassessment Fund & Budget (IC 6-1.1-4-27.5, as amended by Section 17, effective January 1, 2013)

Under a county's Plan, the county council must, for property taxes due each year, levy against all the taxable property in the county an amount equal to the estimated costs of the reassessment for the group of parcels to be reassessed in that year. The Department must, before January 1 in a year, give to each county council notice of the tax levy required for this purpose for that year and may raise or lower the levy if the estimated cost of either a reassessment of one or more groups of parcels under a county's Plan or the performance of annual adjustments has changed.

The county assessor may petition the county fiscal body to increase the levy to pay for the costs of a reassessment of one or more groups of parcels under the county's Plan, verification of sales disclosure forms, or processing annual adjustments. The assessor must document the needs and reasons for the increased funding. If the county fiscal body denies the petition, the assessor may appeal to the Department, which must hear the appeal and determine whether the additional levy is necessary.

The provisions of IC 6-1.1-4-28.5 and IC 6-1.1-4-29 remain in effect.

Interim Assessments (IC 6-1.1-4-30, as amended by Section 20 of SEA 19, effective January 1, 2013)

In making any assessment or reassessment of real property between reassessments under a county's Plan, the rules, regulations, and standards for assessment are the same as those used in the preceding reassessment of that group of parcels. Additionally, since the assessment of the first group of properties for cyclical reassessment is scheduled to begin July 1, 2014, for the March 1, 2013 and March 1, 2014 assessment dates the county must still conduct an annual adjustment pursuant to IC 6-1.1-4-4.5 and 50 IAC 27.

County Assessor Equalization (IC 6-1.1-13-6, as amended by Section 30 of SEA 19, effective January 1, 2013)

A county assessor must inquire into the assessment of the classes of tangible property in the group of parcels under a county's Plan after March 1 in the year in which the reassessment of tangible property in that group of parcels becomes effective. The assessor must make any changes, whether increases or decreases, in the assessed values that are necessary in order to equalize these values in that group. In addition, the assessor must determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in that group.

Contact Information

Questions may be directed to the appropriate Assessment Division field representative or to Barry Wood at (317) 232-3762 or bwood@dlgf.in.gov.